

ARIZONA STATE RETIREMENT SYSTEM

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SUMMARY OF THE REGULAR MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM **EXTERNAL AFFAIRS COMMITTEE**

HELD ON October 2, 2009 9:00 a.m., Arizona Time

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in regular session in the 10th Floor Board Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Mr. Jaime Gutierrez, Chair, called the meeting to order at 9:02 a.m., Arizona Time.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona, 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jaime Gutierrez, Chair

Mr. Steven Zeman. Vice-Chair

Dr. Keith Meredith

Excused: Mr. Jim McLaughlin

A quorum was present for the purpose of conducting business.

Also Present: Mr. David Byers, ASRS Board Chair (arrived at 9:54 a.m. via Teleconference)

Mr. Tom Connelly, ASRS Board Vice-Chair (via Teleconference)

2. Approval of Minutes of the May 1, 2009 EAC Meeting and the June 5, 2009 EAC Meeting

Mr. Gutierrez asked if there were any corrections or comments on the minutes of the May 1, 2009 and June 5, 2009 EAC meeting. There were none.

Mr. Gutierrez asked for a motion to approve the minutes.

Motion: Mr. Steve Zeman moved that the External Affairs Committee approve the minutes of the May 1, 2009 and June 5, 2009 EAC meetings.

Dr. Keith Meredith seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions and 1 excused the motion was approved.

Paul Matson

3. Presentation, Discussion, and Appropriate Action Regarding the 2010 Legislative Issues

Mr. Patrick M. Klein, Assistant Director, External Affairs, introduced Ms. Lesli Sorensen, Government Relations Officer, who presented and discussed the proposed legislation for the 2010 Legislative Session.

Ms. Sorensen presented the following potential items:

AZNet Exemption: Exempt the ASRS from the Arizona telecommunications and network infrastructure program.

Continuity of Operations Appropriations: Permit the ASRS Board to authorize appropriations to continue ASRS operations in the event the Legislature fails to make an appropriation.

Lump Sum Minimum Threshold: Raise the minimum monthly benefit threshold for mandatory lump sum payouts.

Self Audits: Permit the ASRS to require an employer to self-audit upon request.

Fees and Penalties: Permit the ASRS to assess interest, penalties and administrative charges for some functions against employers and members.

Executive Session Appeals: Require all Long Term Disability appeals heard before the ASRS Board be held in Executive Session unless the appellant requests the appeal be heard in an open session.

Increase Final Average Salary Calculation to 60 Months: Increase the final average salary calculation from the highest 36 months out of the last 120 to the highest 60 months out of the last 120.

Increase Normal Retirement Points to 85: Increase the retirement points necessary for a Normal Retirement from 80 to 85.

Eliminate Enhanced Employer Refunds and Provide 25% After Five Years of Service: Remove the current employer refund structure and replace with a flat 25% refund after five years of service.

Return to Work Options: Option 1 would have employers pay an Alternative Contribution Rate for members who return to work in any capacity and in a position ordinarily filled by an employee of the employer. Ms. Sorensen also informed the Committee that she and Mr. Klein had been in discussions with outside stakeholders regarding two additional points: 1) Capping the ACR and 2) Delaying charging the ACR until 1 year after retirement. The Committee indicated that it didn't prefer either proposal, but that delaying the payment might be better than artificially capping the ACR. Option 2 would repeal the Return To Work statutes thus requiring members to suspend their pensions and resume active memberships.

Federal Conforming Changes: Modify statutes to conform to required IRS changes.

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Motion: Mr. Zeman moved that the External Affairs Committee recommend that the ASRS Board approve the 2010 legislative initiatives presented by staff;

and

Recommend that the Board support all initiatives with the exception of the Rule of 85 and Average Monthly Salary on which the Board should have a "neutral" position, but should provide information to the Legislature on the impact of the initiatives on the Fund;

and

Recommend that the Board permit staff to make all language changes and negotiate as necessary to obtain the most effective and efficient legislative provisions within the construct of today's discussion.

Dr. Keith Meredith seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions and 1 excused the motion was approved.

Mr. Klein then presented information regarding a non-ASRS initiated proposal to prohibit public employers from providing health insurance coverage to their retired employees, essentially requiring all public sector retirees to take only the ASRS Retiree Health Insurance Plan or private insurance.

4. Call to the Public

There were no requests to speak.

5. Adjournment of the ASRS External Affairs Committee

Mr. Gutierrez adjourned the October 2, 2009 External Affairs Committee meeting at 10:06 a.m.

Respectfully Submitted by,			
Zachary Kucera Committee Secretary	Date	Patrick M. Klein Date Assistant Director, External Affairs	